

MONTANA LEGISLATIVE HISTORY

Chapter 398 19 95

Bill H 511 S _____ Original bill & history Y c

H. Committee on Health Care Select

Hearing Date(s) Feb 14 ☒ C

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Date Out Feb 14 ☒ C

S. Committee on Joint Health Care Select

Hearing Date(s) Mar 07 ☒ C

Mar 13 ☒ C

_____ ☐ C

_____ ☐ C

Mar 15 ☒ C

Did this bill originate in an interim committee? ☐ Yes ☐ No

Committee _____

Report _____

House BILL NO. 511

INTRODUCED BY



A BILL FOR AN ACT ENTITLED: "AN ACT CREATING THE HEALTH CARE ADVISORY COUNCIL; PROVIDING FOR MEMBERSHIP, MEETINGS, COORDINATION, AND STAFF SUPPORT; PROVIDING FOR A TRANSITIONAL MEETING BETWEEN THE HEALTH CARE ADVISORY COUNCIL AND THE MONTANA HEALTH CARE AUTHORITY; MAINTAINING THE RESPONSIBILITY OF THE STATE HEALTH PLAN WITH THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES; ELIMINATING THE MONTANA HEALTH CARE AUTHORITY; AMENDING SECTIONS 33-22-1809 AND 50-1-201, MCA; REPEALING SECTIONS 50-4-101, 50-4-102, 50-4-201, 50-4-202, 50-4-301, 50-4-302, 50-4-303, 50-4-305, 50-4-306, 50-4-307, 50-4-308, 50-4-309, 50-4-310, 50-4-311, 50-4-401, 50-4-402, 50-4-501, 50-4-502, 50-4-503, 50-4-601, 50-4-602, 50-4-603, 50-4-604, 50-4-609, 50-4-610, 50-4-611, AND 50-4-612, MCA, AND SECTION 21, CHAPTER 606, LAWS OF 1993; AND PROVIDING EFFECTIVE DATES AND A TERMINATION DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Purpose. (1) The people of Montana have evaluated and rejected both the single payor and multiple payor health care reform plans developed by the Montana health care authority. However, the public has also recognized the continued need for evaluation and analysis of Montana's health care system. The public supports an incremental private-sector approach to health care reform with an emphasis on affordability and on access to health care. The health care advisory council is created to continue the public-private partnership in order to develop initiatives regarding health care reform to be presented to the 1997 legislature.

(2) The health care advisory council shall monitor and evaluate implementation of recent health care reform initiatives, including small group insurance reform, the development of medicaid managed care, tort reform, changes to the antitrust statutes, voluntary purchasing pools, and the efficiency of the certificate of need process. The health care advisory council shall provide reports on the progress of these reforms to the general public and to the legislature.

NEW SECTION. Section 2. Health care advisory council. (1) There is a health care advisory

1 council.

2 (2) The health care advisory council is composed of 10 members. The members must be selected
3 by May 1, 1995.

4 (a) There are four legislative members. Two members must be selected by the president of the
5 senate from a pool of applicants from the senate, one representing each party. Two members must be
6 selected by the speaker of the house from a pool of applicants from the house of representatives, one
7 representing each party.

8 (b) There are five members, each representing a health care planning region as provided in [section
9 6], selected by the governor from a pool of applicants.

10 (c) There is one member representing the executive branch of government, appointed by the
11 governor.

12 (3) Legislators and regional board members who want to serve on the health care advisory council
13 shall apply to the president of the senate, speaker of the house, or governor, respectively, for a position
14 on the council. The application must include:

15 (a) a statement of the reason that the person wishes to serve on the council;

16 (b) the experience that qualifies the person to serve; and

17 (c) a statement of the person's willingness to commit the substantial time required to serve on the
18 council.

19 (4) The members of the health care advisory council shall elect a presiding officer from among the
20 members.

21 (5) A vacancy on the health care advisory council must be filled in the same manner as the original
22 appointment.

23
24 **NEW SECTION. Section 3. Meetings.** (1) The health care advisory council may meet up to 10
25 times over the biennium.

26 (2) The council shall adopt rules of procedure for the conduct of the meetings.

27
28 **NEW SECTION. Section 4. Reimbursement of expenses -- compensation.** (1) The member of the
29 health care advisory council who is appointed by the governor is entitled to reimbursement for expenses
30 as provided in 2-18-501 through 2-18-503.

(2) A legislative member is entitled to compensation and expenses as provided in 5-2-302.

NEW SECTION. Section 5. Powers and duties -- report -- staff support. (1) The health care advisory council shall study the considerations outlined in [section 1] and shall continue the study of solutions to the health care crisis and study methods of cost reduction in health care services and health care delivery systems.

(2) The health care advisory council shall report its findings to the governor and the legislature by October 1, 1996.

(3) The health care advisory council is the repository of all documents and materials of the Montana health care authority.

(4) The department of social and rehabilitation services shall provide staff support to the health care advisory council.

(5) The health care advisory council is attached to the department of social and rehabilitation services for administrative purposes only as provided in 2-15-121.

(6) The department of social and rehabilitation services, the department of health and environmental sciences, the commissioner of insurance, and the attorney general shall provide information to the health care advisory council as necessary.

NEW SECTION. Section 6. Health care planning regions. For the purpose of determining members of the health care advisory council, there are five health care planning regions that consist of the following counties:

(1) region I: Sheridan, Daniels, Valley, Roosevelt, Richland, McCone, Garfield, Dawson, Prairie, Wibaux, Fallon, Custer, Rosebud, Treasure, Powder River, and Carter;

(2) region II: Blaine, Hill, Liberty, Toole, Glacier, Phillips, Pondera, Teton, Chouteau, and Cascade;

(3) region III: Judith Basin, Fergus, Petroleum, Musselshell, Golden Valley, Wheatland, Sweet Grass, Stillwater, Yellowstone, Carbon, and Big Horn;

(4) region IV: Lewis and Clark, Powell, Granite, Deer Lodge, Silver Bow, Jefferson, Broadwater, Meagher, Park, Gallatin, Madison, and Beaverhead;

(5) region V: Lincoln, Flathead, Sanders, Lake, Mineral, Missoula, and Ravalli.

NEW SECTION. Section 7. Transition from Montana health care authority study. (1) The members

of the health care advisory council and the members of the Montana health care authority shall hold one meeting before June 30, 1995. The meeting must be staffed by the Montana health care authority and the department of social and rehabilitation services.

(2) On or before June 30, 1995, the documents and materials compiled by the Montana health care authority must be transferred to the health care advisory council.

Section 8. Section 33-22-1809, MCA, is amended to read:

"33-22-1809. Restrictions relating to premium rates. (1) Premium rates for health benefit plans under this part are subject to the following provisions:

(a) The index rate for a rating period for any class of business may not exceed the index rate for any other class of business by more than 20%.

(b) For each class of business,

(i) the premium rates charged during a rating period to small employers with similar case characteristics for the same or similar coverage or the rates that could be charged to the employer under the rating system for that class of business may not vary from the index rate by more than 25% of the index rate; or

~~(ii) if the Montana health care authority established by 50-4-201 certifies to the commissioner that the cost containment goal set forth in 50-4-303 is met on or before January 1, 1999, the premium rates charged during a rating period to small employers with similar case characteristics for the same or similar coverage may not vary from the index by more than 20% of the index rate.~~

(c) The percentage increase in the premium rate charged to a small employer for a new rating period may not exceed the sum of the following:

(i) the percentage change in the new business premium rate measured from the first day of the prior rating period to the first day of the new rating period; in the case of a health benefit plan into which the small employer carrier is no longer enrolling new small employers, the small employer carrier shall use the percentage change in the base premium rate, provided that the change does not exceed, on a percentage basis, the change in the new business premium rate for the most similar health benefit plan into which the small employer carrier is actively enrolling new small employers;

(ii) any adjustment, not to exceed 15% annually and adjusted pro rata for rating periods of less

than 1 year, because of the claims experience, health status, or duration of coverage of the employees or dependents of the small employer, as determined from the small employer carrier's rate manual for the class of business; and

(iii) any adjustment because of a change in coverage or a change in the case characteristics of the small employer, as determined from the small employer carrier's rate manual for the class of business.

(d) Adjustments in rates for claims experience, health status, and duration of coverage may not be charged to individual employees or dependents. Any adjustment must be applied uniformly to the rates charged for all employees and dependents of the small employer.

(e) If a small employer carrier uses industry as a case characteristic in establishing premium rates, the rate factor associated with any industry classification may not vary from the average of the rate factors associated with all industry classifications by more than 15% of that coverage.

(f) In the case of health benefit plans delivered or issued for delivery prior to January 1, 1994, a premium rate for a rating period may exceed the ranges set forth in subsections (1)(a) and (1)(b) until January 1, 1997. In that case, the percentage increase in the premium rate charged to a small employer for a new rating period may not exceed the sum of the following:

(i) the percentage change in the new business premium rate measured from the first day of the prior rating period to the first day of the new rating period; in the case of a health benefit plan into which the small employer carrier is no longer enrolling new small employers, the small employer carrier shall use the percentage change in the base premium rate, provided that the change does not exceed, on a percentage basis, the change in the new business premium rate for the most similar health benefit plan into which the small employer carrier is actively enrolling new small employers; and

(ii) any adjustment because of a change in coverage or a change in the case characteristics of the small employer, as determined from the small employer carrier's rate manual for the class of business.

(g) A small employer carrier shall:

(i) apply rating factors, including case characteristics, consistently with respect to all small employers in a class of business. Rating factors must produce premiums for identical groups that differ only by the amounts attributable to plan design and that do not reflect differences because of the nature of the groups.

(ii) treat all health benefit plans issued or renewed in the same calendar month as having the same rating period.

1 (h) For the purposes of this subsection (1), a health benefit plan that includes a restricted network
2 provision may not be considered similar coverage to a health benefit plan that does not include a restricted
3 network provision.

4 (i) The commissioner shall adopt rules to implement the provisions of this section and to ensure
5 that rating practices used by small employer carriers are consistent with the purposes of this part, including
6 rules that ensure that differences in rates charged for health benefit plans by small employer carriers are
7 reasonable and reflect objective differences in plan design, not including differences because of the nature
8 of the groups.

9 (2) A small employer carrier may not transfer a small employer involuntarily into or out of a class
10 of business. A small employer carrier may not offer to transfer a small employer into or out of a class of
11 business unless the offer is made to transfer all small employers in the class of business without regard to
12 case characteristics, claims experience, health status, or duration of coverage since the insurance was
13 issued.

14 (3) The commissioner may suspend for a specified period the application of subsection (1)(a) for
15 the premium rates applicable to one or more small employers included within a class of business of a small
16 employer carrier for one or more rating periods upon a filing by the small employer carrier and a finding by
17 the commissioner either that the suspension is reasonable in light of the financial condition of the small
18 employer carrier or that the suspension would enhance the fairness and efficiency of the small employer
19 health insurance market.

20 (4) In connection with the offering for sale of any health benefit plan to a small employer, a small
21 employer carrier shall make a reasonable disclosure, as part of its solicitation and sales materials, of each
22 of the following:

23 (a) the extent to which premium rates for a specified small employer are established or adjusted
24 based upon the actual or expected variation in claims costs or upon the actual or expected variation in
25 health status of the employees of small employers and the employees' dependents;

26 (b) the provisions of the health benefit plan concerning the small employer carrier's right to change
27 premium rates and the factors, other than claims experience, that affect changes in premium rates;

28 (c) the provisions relating to renewability of policies and contracts; and

29 (d) the provisions relating to any preexisting condition.

30 (5) (a) Each small employer carrier shall maintain at its principal place of business a complete and

detailed description of its rating practices and renewal underwriting practices, including information and documentation that demonstrate that its rating methods and practices are based upon commonly accepted actuarial assumptions and are in accordance with sound actuarial principles.

(b) Each small employer carrier shall file with the commissioner annually, on or before March 15, an actuarial certification certifying that the carrier is in compliance with this part and that the rating methods of the small employer carrier are actuarially sound. The actuarial certification must be in a form and manner and must contain information as specified by the commissioner. A copy of the actuarial certification must be retained by the small employer carrier at its principal place of business.

(c) A small employer carrier shall make the information and documentation described in subsection (5)(a) available to the commissioner upon request. Except in cases of violations of the provisions of this part and except as agreed to by the small employer carrier or as ordered by a court of competent jurisdiction, the information must be considered proprietary and trade secret information and is not subject to disclosure by the commissioner to persons outside of the department."

Section 9. Section 50-1-201, MCA, is amended to read:

"50-1-201. ~~(Temporary)~~ Administration of state health plan. The department is ~~hereby established~~ as the ~~sole and official~~ state agency to administer the state program for comprehensive health planning and ~~is hereby authorized to~~ may prepare a plan for comprehensive state health planning. The department is ~~authorized to~~ may confer and cooperate with ~~any and all~~ other persons, organizations, or governmental agencies that have an interest in public health problems and needs. The department, while acting in this capacity as the ~~sole and official~~ state agency to administer and supervise the administration of the ~~official~~ comprehensive state health plan, ~~is designated and authorized as the sole and official state agency to~~ may accept, receive, expend, and administer ~~any and all funds which that~~ are now available or which may be donated, granted, bequeathed, or appropriated to it for the preparation ~~and~~ administration, and the supervision of the preparation and administration of the comprehensive state health plan.

~~50-1-201. (Effective July 1, 1996) Administration of state health plan.~~ ~~The Montana health care authority created in 50-4-201 is the state agency to administer the state program for comprehensive health planning and shall prepare a plan for comprehensive state health planning. The authority may confer and cooperate with other persons, organizations, or governmental agencies that have an interest in public health problems and needs. The authority, while acting in this capacity as the state agency to administer and~~

1 ~~supervise the administration of the official comprehensive state health plan, is designated and authorized~~
2 ~~as the state agency to accept, receive, expend, and administer funds donated, granted, bequeathed, or~~
3 ~~appropriated to it for the preparation, administration, and supervision of the preparation and administration~~
4 ~~of the comprehensive state health plan."~~

5
6 **NEW SECTION.** **Section 10. Repealer.** Sections 50-4-101, 50-4-102, 50-4-201, 50-4-202,
7 50-4-301, 50-4-302, 50-4-303, 50-4-305, 50-4-306, 50-4-307, 50-4-308, 50-4-309, 50-4-310, 50-4-311,
8 50-4-401, 50-4-402, 50-4-501, 50-4-502, 50-4-503, 50-4-601, 50-4-602, 50-4-603, 50-4-604, 50-4-609,
9 50-4-610, 50-4-611, and 50-4-612, MCA, and section 21, Chapter 606, Laws of 1993, are repealed.

10
11 **NEW SECTION.** **Section 11. Codification instruction.** [Sections 1 through 6] are intended to be
12 codified as an integral part of Title 50, chapter 4, and the provisions of Title 50, chapter 4, apply to
13 [sections 1 through 6].

14
15 **NEW SECTION.** **Section 12. Coordination instruction.** If ___ Bill No. ___ [LC 935] is passed and
16 approved, then the department of public health and human services shall provide staff support to the health
17 care advisory council and the council must be administratively attached to the department of public health
18 and human services as provided in 2-15-121.

19
20 **NEW SECTION.** **Section 13. Effective dates.** (1) [Sections 1 through 7, 11, 12, and 14 and this
21 section] are effective on passage and approval.

22 (2) [Sections 8 through 10] are effective July 1, 1995.

23
24 **NEW SECTION.** **Section 14. Termination.** [Sections 1 through 7] terminate June 30, 1997.

25 -END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0511, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

Creating the Health Care Advisory Council; providing for a transitional meeting between the Health Care Advisory Council and the Montana Health Care Authority; retaining the responsibility for the state health plan with the Department of Health and Environmental Sciences (DHES); and eliminating the Montana Health Care Authority.

ASSUMPTIONS:

The Executive Budget present law base serves as the starting point from which to calculate any fiscal impact due to this proposed legislation, with the exception of the present law proposal to transfer Certificate of Need (CON) to the Health Care Authority. For purposes of this fiscal note, it is assumed that the present law CON will be moved from the Health Care Authority back into DHES, since the statutory requirement for the program still remains. The CON present law base would be adjusted in HB2 to reflect this assumption upon passage and approval of HB511.

The advisory council will have 1.00 FTE, grade 15. Operating costs for this person will be \$1,840 each year of the biennium.

There will be five meetings of the ten-member council each year, for a total of 10 meetings during the biennium. Total operating costs for the meetings are estimated to be \$8,575 per year, broken down as follows:

Per diem will be \$15.50 per person assuming five one-day meetings per year, for an annual total of \$775 ($\$15.50 \times 10 \times 5$)

Lodging will be \$30 per person, assuming five members per meeting will need to stay overnight, for an annual total of \$750.

Mileage is based on each of the ten members travelling an average of 400 miles round trip at \$.29 per mile for each meeting. The annual total is \$5,800.

An honorarium of \$25 is paid to each member at each meeting, for an annual total cost of \$1,250.

No new studies will be undertaken. Studies to be reviewed are listed in section one of the bill. No funds for contracted services have been included for studies.

FISCAL IMPACT:

Expenditures:

	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
	(2.00)	(2.00)
Personal Services	(105,819)	(106,250)
Operating Expenses	(274,846)	(199,296)
Total Expenses	(380,665)	(305,546)
<u>Funding:</u>		
General Fund (01)	(152,833)	(77,773)
State Special (02)	(250,000)	(250,000)
General Fund (03)	22,168	22,227
Total Funds	(380,665)	(305,546)

Total Net Impact on General Fund Balance:

General Fund Savings (01) 152,833

77,773

Dave Lewis 2.17.95

LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Royal Johnson
ROYAL JOHNSON, PRIMARY SPONSOR DATE

Fiscal Note for HB0511, as introduced

HB 511

2/14 HEARING
 2/15 TABLED IN COMMITTEE
 2/23 MISSED TRANSMITTAL DEADLINE
 DIED IN COMMITTEE

HB 511 INTRODUCED BY R. JOHNSON
 CREATE THE HEALTH CARE ADVISORY COUNCIL

2/10 INTRODUCED
 2/10 FIRST READING
 2/10 REFERRED TO HEALTH CARE SELECT
 2/11 FISCAL NOTE REQUESTED
 2/14 HEARING
 2/17 FISCAL NOTE RECEIVED
 2/17 COMMITTEE REPORT—BILL PASSED AS AMENDED
 2/18 FISCAL NOTE PRINTED
 2/20 2ND READING PASSED 76 20
 2/21 3RD READING PASSED 85 14

 TRANSMITTED TO SENATE
 2/27 FIRST READING
 2/27 REFERRED TO PUBLIC HEALTH, WELFARE & SAFETY
 3/06 REREFERRED TO JOINT HEALTH CARE SELECT
 3/07 HEARING
 3/16 COMMITTEE REPORT—BILL CONCURRED AS AMENDED
 3/21 2ND READING CONCURRED 50 0
 3/22 3RD READING CONCURRED 44 5

 RETURNED TO HOUSE WITH AMENDMENTS
 3/31 REVISED FISCAL NOTE RECEIVED
 3/31 REVISED FISCAL NOTE PRINTED
 3/31 2ND READING AMENDMENTS CONCURRED 92 3
 4/03 3RD READING AMENDMENTS CONCURRED 86 12
 4/05 SIGNED BY SPEAKER
 4/06 SIGNED BY PRESIDENT
 4/07 TRANSMITTED TO GOVERNOR
 4/12 SIGNED BY GOVERNOR
 CHAPTER NUMBER 378
 EFFECTIVE DATE: 04/12/95—SECTIONS 1-8 & 21-25
 EFFECTIVE DATE: 07/01/95—SECTIONS 9-20

HB 512 INTRODUCED BY DEBRUYCKER

REQUIRE AT LEAST 50 PERCENT OF FISHING LICENSE FUNDS ALLOCATED
 FOR OPERATION AND MAINTENANCE OF FISHING ACCESS SITES AND
 STREAM, RIVER, AND LAKE FRONTAGES BE PRIORITIZED AND
 EXPENDED FOR WEED CONTROL, STREAMBANK RESTORATION, AND
 GENERAL OPERATION AND MAINTENANCE

BY REQUEST OF THE JOINT SUBCOMMITTEE ON NATURAL RESOURCES &
 COMMERCE

2/10 INTRODUCED
 2/10 FIRST READING
 2/10 REFERRED TO APPROPRIATIONS
 2/11 FISCAL NOTE REQUESTED
 2/16 FISCAL NOTE RECEIVED
 2/17 FISCAL NOTE PRINTED
 3/02 HEARING
 3/16 COMMITTEE REPORT—BILL PASSED
 3/21 2ND READING PASSED 99 1
 3/22 3RD READING PASSED 99 1

 TRANSMITTED TO SENATE
 3/23 FIRST READING

REP. SIMPKINS said, "you can, but you're not guaranteed coverage until after that time."

REP. NELSON indicated that "it can go about 90 days."

CHAIRMAN ORR "overruled" and asked the Committee to wait until Thursday to take executive action.

HEARING ON 511

{Tape: 4; Side: 1.}

Opening Statement by Sponsor:

REP. ROYAL JOHNSON stated that HB 511 is an attempt to inform the people of Montana "that we know that the health care problems aren't going away." He indicated that the health care situation is not going to "rectify" itself. He stated that HB 511 will change the Health Care Authority to Health Care Council. New Section 1, page 1, line 19, the public does recognize a continued need for evaluation and analysis of Montana's health care system. Line 21, the emphasis is on affordability and access to the health care business. Line 22, to continue the public-private partnership in order to develop initiatives regarding health care reform to be presented to the 1997 legislature.

He stated, The health care advisory council shall monitor and evaluate implementation of recent health care reform initiatives, including small group insurance, and all of the others you can read yourself in that particular paragraph." He stated that the health care advisory council would consist of ten members to be selected by May 1, 1995 because "it is imperative to keep this ball rolling on health care reform," and not to let this situation wait until October. He indicated that the ten Committee members will consist of four legislative members, five members representing a health care planning region to be selected by the governor, and one member representing the executive branch to be appointed by the governor.

Page 2, line 12 will be changed to read, "Legislators, and regional board who represent health care planning regions who want to serve on the health care advisory council shall apply to the president of the senate, speaker of the house, or governor, respectively, for a position on the council. He stated that the applicants should be knowledgeable about health care and be willing to commit the substantial time required to serve on the council. He stated that the previous Health Care Authority spent hours and hours of volunteer time on it as witnessed by the stack of books he indicated.

REP. JOHNSON commented on New Section 3 that "we want to appropriate enough money ... to make sure that they can have at least ten meetings," noting that they will have a little time off

for Christmas and New Year's. He indicated that the health care advisory report should come out by October, so that it can be put into the 1997 budget in the event an acceptable program is developed.

New Section 5 discusses the powers and duties of the health care advisory. He noted, however, that the health care advisory is not limited to the topics specified here; other topics may be added later. He indicated the reporting date of October 1, 1996 and stated that the date has to do with the budget.

Page 7 of HB 511 discussed the administration of the state health plan and the state agency to administer the program and indicated that this will be the Department of Social and Rehabilitative Services (SRS), because SRS has been represented throughout this time on the Health Care Authority, at least as an ex-officio member, and they understand the issues.

He discussed the repealers on page 8 of HB 511. He stated that one prepared amendment which has to do with the regional boards. He reiterated that health care will not take care of itself. He stated that the Health Care Authority suggested the health care resource management plans, the unified health care data base which he indicated could be put back in during executive action. He said the SRS will assume that particular function. He stated that the cooperative agreements process was taken out, and that perhaps it should be put back in.

Proponents' Testimony:

Susan Good, representing Heal Montana, spoke in support of HB 511. She agreed with REP. R. JOHNSON that the health care crisis is not going to go away. She cited an article from the Great Falls Tribune, "Senate Democrats Today Warning That Health Care Costs Will Rise Dramatically In The Next Decade." It stated, "Federal projections show the cost of health care now about one trillion dollars will double in a decade." Ms. Good said, "That kind of trickle-down comes to us." She quoted from the article, "between 1988 and 2001, the percentage of Americans who get health insurance through their employers will drop from 67% to 55%." She indicated that Heal Montana and the Hospital Association are already working on tasks for them.

Chuck Butler, representing Blue Cross/Blue Shield of Montana, spoke in support of HB 511 and said the expense that the 1993 legislature expended on the Health Care Authority was tremendous in value.

John Flink, Montana Hospital Association, spoke in support of HB 511. EXHIBIT 36

Tom Ebzery, Attorney, representing St. Vincent's Hospital and Health Center, Billings, Montana, spoke in support of HB 511, stating that "the time has come to take a look at this from a new

perspective. I think the work that the Authority accomplished is admirable, but I think it is time to move to a different type system." He spoke in appreciation of REP. R. JOHNSON'S willingness to keep open the idea of topics in a rapidly evolving situation, indicating that some creativity would be welcome.

Max Davis, Lawyer, representing the Columbus Hospital, Great Falls, Montana, endorsed Mr. Flink's comments. Mr. Davis spoke in support of HB 511 and urged the Committee to include language that preserves the certificate of public convenience process. This is vitally important because the federal government takes an active interest in health care mergers and cooperative agreements through either the Federal Trade Commissioner or the United States Department of Justice. He stated, what's going on in Great Falls is relatively new to Montana; it's not new on a national level. He stated that the federal government has some limitation on its capabilities to involve itself in the process and gives great deference to the state's involvement in the collaborative or merger process of health care. He indicated that the federal government is willing to allow the states to take a lead position. He said, by preserving the certificate of public convenience public advantage process in some forms as an active involvement of Montana, either through the Health Care Authority or the Department of Justice, would be a big step in preserving and ensuring that important health care decisions be made in Montana, not Washington, D.C. "It is a healthful and productive step to preserve the certificate process in legislation."

Ed Grogan, representing the Montana Medical Benefit Plan, the Montana Medical Benefit Trust, the Montana Business and Health Alliance, spoke in support of HB 511. He stated that it would be good to "change the Health Care Authority to the Health Care Advisory Council; we think it would be even better if it repealed the amendment."

Opponents' Testimony: None

Informational Testimony:

Mike Craig, Health Care Authority (HCA), spoke as neither an opponent nor a proponent. He stated that 50-4-304 is the current provision in SB 285 for health resource management plans. He indicated that judging from the list of repealers in HB 511, that "maybe 50-4-304 should be repealed as well, unless you want to keep a health resource management plan function around." He informed the Committee that the health resource management plan function was by far the most expensive activity that the Health Care Authority did all year, as well as very time intensive. He stated that whoever is responsible for the health resource management plan function needs to commit considerable time and effort into actually inventorying the health resources in Montana on an annual basis, and use that information in working out some provision in terms of guidance for determining the appropriate

level of care for communities. He indicated that the process is complex and resembles a health planning function.

Mr. Craig stated that he would be very happy to work with REP. R. JOHNSON on this. Mr. Craig indicated on page 7, Section 9, actually puts comprehensive health planning back into the Department of Health, which is where it was prior to SB 285. The function of the comprehensive health planning, then, was discretionary. The Department of Health currently does a state health plan only for the purposes of certificate of need. He said there is a provision in statute that allows for that to continue.

Mr. Craig stated if the HCA is not going to assume comprehensive health planning and the very certain planning functions that naturally go with it, including resource management plans, they ought to repeal this bill as well. Mr. Craig corrected REP. R. JOHNSON stating that this actually doesn't put it in SRS; it keeps it at the Department of Health and the Department of Health doesn't want it if it's not going to be funded, so it probably won't be funded. Secondly, if they don't have a health resource management plan, good database, data collection and analysis functions, and other provisions such as health insurer cost management, he suggested to get rid of it all, or at least come up with some sort of strategy to put it all together, working with SRS to determine what they want for data collection, health resource management, and comprehensive health planning.

Mr. Craig said, "those things really should be talked about together and we'd be very, very pleased to work with you and offer some guidance in how that should go forth." Mr. Craig stated that the Health Care Authority disagrees with page 1, line 17, stating, "We do not believe that the people of Montana have rejected" the single payer nor the multiple payer plan. He stated that the Authority believes that they are good plans, but they cost too much.

Closing by Sponsor:

REP. R. JOHNSON thanked everyone for their input, especially those from the Health Care Authority. He stated that one thing he did not mention was that the Health Care Authority and the new council would have a meeting before June of 1995, to give the new council some orientation and direction. REP. R. JOHNSON stated that he had visited with Dorothy Bradley, Chair of the Health Care Authority, before he had submitted this bill, who suggested that this was a reasonable way to continue the effort. REP. R. JOHNSON stated that he had also visited with Sam Hubbard, and received a lot of suggestions from him. REP. R. JOHNSON stated that he saw no problem with taking these suggestions and adding them into the bill, as the Committee chooses, during executive session. He indicated that section 50-4-304 had been changed as an amendment which has been passed around to the members of the Committee.

HOUSE OF REPRESENTATIVES

Select Committee on Health Care

ROLL CALL

DATE 2-14-95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Scott Orr, Chairman	✓		
Rep. Carley Tuss, Vice Chairman	✓		
Rep. Beverly Barnhart	✓		
Rep. John Johnson	✓		
Rep. Royal Johnson	✓		
Rep. Betty Lou Kasten			✓
Rep. Tom Nelson	✓		
Rep. Bruce Simon	✓		
Rep. Dick Simpkins	✓		
Rep. Liz Smith	✓		
Rep. Carolyn Squires	✓		

**Testimony by the
Montana Hospital Association
before the
House Select Committee on Health Care
on HB 511**

My name is John Flink. I am vice president of the Montana Hospital Association.

The Montana Hospital Association represents 55 hospitals and Medical Assistance Facilities. Forty-five of these also have long-term care facilities.

The Montana Hospital Association supports this bill because we believe it represents the best vehicle available for keeping alive our effort to reform the health care system.

Two years ago, the Legislature acknowledged that serious problems afflict our state's health care system. In enacting SB 285, the Legislature affirmed that

every Montanan should have access to affordable and high-quality health care services.

MHA strongly supports these principles. We strongly supported passage of SB 285, and we have supported the work of the Health Care Authority over the past 18 months. And, although, MHA doesn't agree with every proposal put forth by the Authority, we believe this process must move forward.

The problems that led to enactment of SB 285 have not gone away. In fact, they have worsened.

Continued cuts in the Medicare and Medicaid program have forced hospitals and other providers to shift more of their costs to privately-insured patients, forcing increases in the health insurance premiums paid by Montana's employers and employees. With more Medicare and Medicaid cuts on the way, this cost-shifting will only grow worse.

In addition, studies show that the number of uninsured persons continues to rise, fueling further increases in health insurance premiums.

In our view, we must begin to address these problems now. The Authority's analysis and study is an appropriate starting point for the Health Care Advisory Council envisioned by HB 511. We hope that in enacting this measure, the Legislature will reaffirm its support for the principles it endorsed two years ago.

Finally, MHA would like to request that the Committee reinstate the anti-trust reforms enacted in

SB 285. *We appreciate Rep. Johnson willing to work w/ us on this.*

These reforms were designed to enable hospitals to collaborate with each other—without running afoul of federal anti-trust laws.

Collaboration is an important tool in our effort to control health care costs. In health care—unlike the rest of the economy—competition seems to lead to higher—not lower—costs. By working together—by sharing equipment, services, personnel and programs—hospitals can cut their costs.

We are seeing the beginnings of this kind of collaboration all over the state. Hospitals in the far eastern section of the state have operated as a network for some time. The 10 hospitals in northwest Montana are now in the process of establishing a network, and those in the golden triangle will soon begin a similar process.

In Missoula, hospitals have a long record of collaboration. And, of course, the two hospitals in Great Falls are proposing a merger.

These efforts just scratch the surface. They will add up to significant efficiencies in the health care

system, but even more savings will come with the development of fully coordinated systems of care.

Up to now, the threat of federal anti-trust action has been a barrier to many collaborative efforts.

The Certificate of Public Advantage process established in SB 285 helps to ease this fear. We believe this process should be retained and expanded to cover hospital consolidations. Moreover, in the future, this process should probably be expanded to include integrated delivery systems.

Thank you.

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Sel. Comm. on Health Care COMMITTEE BILL NO. HB 511, HB 466

DATE 2/14/95 SPONSOR(S) Rep. Royal Johnson (HB 511)

Rep. Thomas Nelson (HB 466)

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
SCOTT ASAY Bldg	EBMS	466	Y	
SHARON HOFF	MT CATHOLIC CONFERENCE	511	X	
Row Kunik	Schiff	511	Y	Support
Kelly Sal G. Green	MSCA			X
James Wolf	Heal Mt	511		X
John Fleish	MHA	511		✓
Tom EBZeny	St Vincent Hosp. & Health			✓
Don All	MMBP	511		✓
Ellox Davis	COLUMBUS HOSP. & H	511		✓
Chuck Butler	Blue Cross and Blue Shield of Maryland	511		✓
Ed GROMAN	MMBP			✓
Mike Craig	Health Care Auth	511		

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

MINUTES

MONTANA SENATE
54th LEGISLATURE - REGULAR SESSION
JOINT SELECT COMMITTEE ON HEALTH CARE

Call to Order: By CHAIRMAN STEVE BENEDICT, on March 7, 1995, at 5:35 p.m.

ROLL CALL

Members Present:

Sen. Steve Benedict, Chairman (R)
Rep. Scott J. Orr, Vice Chairman (R)
Sen. Dorothy Eck (D)
Sen. Mike Foster (R)
Rep. Duane Grimes (R)
Sen. Judy H. Jacobson (D)
Sen. Ken Miller (R)
Rep. Bruce T. Simon (R)
Rep. Carolyn M. Squires (D)
Rep. Carley Tuss (D)

Members Excused: None

Members Absent: None

Staff Present: Susan Fox, Legislative Council
David Niss, Legislative Council
Jennifer Gaasch, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: This was concerning the following bills:
HB 511, HB 542, SJR 14, HB 405, SB 405,
HB 531 and HB 560.

Executive Action: None

{Tape: 1; Side: A.}

The nature of the meeting was to have public input on all of the bills mentioned above and then questions would be asked by the committee members. Executive Action would be taken at a later date.

Discussion:

CHAIRMAN BENEDICT said he would like to know how the members of the committee would like to handle proxies.

SENATOR MIKE FOSTER said due to the circumstances that they could use written proxies for the votes in committee.

CHAIRMAN BENEDICT replied he would not have any problem with that. If they worked with blanket written proxies that would be fine.

Motion:

SEN. FOSTER MOVED to allow the use of written proxies to cast their votes.

Vote:

The MOTION CARRIED UNANIMOUSLY.

Discussion:

CHAIRMAN BENEDICT said the sponsors were notified about their bills and they were told they would not be required to open and close on their bill. He said they would take testimony from the public on different groups of bills and then after everyone has had a chance to testify, the committee members would ask questions.

Public Testimony:

SENATOR EVE FRANKLIN, SD 21, said she hoped they could put together a good package that would create some change.

Arlette Randash said SB 194 would not be considered by the committee, but it needs equal consideration and scrutiny just as HB 511 does. If the committee is going to investigate new directions of health care, SB 194 should be given consideration because it calls for the diminishing of the Montana Health Care Authority as created by SB 285. Its sponsor realized socialized medicine results. She said a decision would not be complete if SB 194 and HB 511 were not on the table.

Jack Molloy, a member of the Health Care Authority, said he would like to address the issues of the Health Care Authority as in SB 405. He said as far as the Montana Health Care Authority has been a wonderful exercise in listening to the people of Montana and has done a good job of being objective. He said they are at the cross roads and nationally there is a void which is being filled by cooperative efforts. He said it is too early in the process to back the stake out of an authority position in determining the health care services, needs and systems it supplies to its citizens. He said the Health Care Authority realized that they lack Montana specific data. They are not funding things in a matter that will give them legitimate data. He said it was important that the legislature send a message to the vulnerable populations of Montana that they do matter. He said voluntary purchasing pools would enlarge the base of health

insurance which would make it more available and more affordable. He said SB 405 does a good job of organizing the needs of voluntary purchasing pools. They feel the medical savings accounts are one way to encourage people to become insured. He said they need to have a way to measure the affects of those things. He said for that reason it is necessary for a Health Care Authority body that is fully funded by the state who is going to hold the industry to its obligations to the people of Montana if necessary. He said it was not a way for the state to take over health care. He said the only objective party that should oversee that should be the state.

Laurie Ekanger, representing the Governor's office, she said the Governor did support continuation of the Health Care Authority. It is in the budget to continue it and primarily to continue the collection of the data base. She said urged them to continue the data base function. **Laurie Ekanger** said the Governor's office supports the concept of Purchasing Pools. They think HB 405 looks like a good approach. There may be some need to protect those people who pay into a Purchasing pool. Concerning Medical Savings Accounts they felt HB 560 was the cleanest approach to start out.

Ed Grogan, representing the Montana Medical Benefit Plan, Montana Medical Benefit Trust and the Montana Business and Health Alliance, stated the Montana Health Care Authority knows the business and it gave government control of the health care. He said they did not want to see any more government control and therefore supports **REPRESENTATIVE JOHNSON'S** bill which is HB 511. On the Voluntary Purchasing Pools he favors HB 405 and disagrees with SB 405. He said SB 405 was adding more government control. He said that was too high a number for a small group. Concerning Medical Savings accounts, they support HB 531 and are against HB 560. Perhaps there could be a compromise of the 2 bills. They like the \$3,000 limit in HB 560. He suggested all of the premium dollars to all be paid with Montana tax free dollars and then go over and above that to \$500 a year per person or more to be put in the medical savings accounts. He said they looked at Medical Savings Accounts as a cost saving device being able to bind a persons insurance and pay the deductibles and co-payments with free tax dollars.

Tom Hopgood, representing the Health Insurance Association of America (HIAA), said concerning Medical Savings Accounts they have no opposition to the bills that had been introduced or to the concept of the Medical Savings Accounts. He said that was not a cure of all of the problems, but it is an alternative to take advantage of. Concerning Purchasing Pools one of the things that has to be addressed in order for health care to be reformed is cost. He said health insurance reform is not necessarily health care reform. They have to address the cost of health care. The Purchasing Pool concept is a cost containment measure. They have endorsed both HB 405 and SB 405. The HIAA believes they should infuse into the Purchasing Pool statute a great deal of

flexibility to allow innovation into the market place and allow cost cutting. They would lean more toward HB 405.

Larry Akey, representing the Montana Association of Life Underwriters, he said they represented around 700 professional insurance agencies. He said there needs to be some official body that would continue to look at health care in Montana. He said concerning Purchasing Pools they believe they will serve to contain costs in the market place. They need to look at both HB 405, and SB 405 and recognize that they were having licensed insurance agents selling licensed insurance products through a different marketing mechanism. He said they question if there needs to be further layers of regulation and whether those layers of regulation will in fact serve to reduce the cost controlling capabilities of the Purchasing Pools. They think the mechanism in HB 405 probably has a greater chance of success in the market place. If they believe there needs to be further regulation in the market place, please remember they are talking about licensed insurance agents selling licensed insurance products. Concerning Medical Savings Accounts, they think they are a concept worth exploring. They could not believe they will cure all of the problems that exist in the state. They think HB 560 does have a few modest advantages over HB 531. HB 560 also has some problems that HB 531 does not. Medical Savings Accounts are to allow individuals to buy health insurance with free tax dollars. It could be more adequately accomplished by making health insurance premiums fully deductible. He said there are at least 3 bills going through the system that do that. He urged the committee to endorse both Purchasing Pools and Medical Savings Accounts.

Susan Good, representing Heal Montana, said concerning the Montana Health Care Authority, SJR 14 was a creative and practical solution to that. She said concerning Purchasing Pools they are in support of HB 405. Whether a person chooses the threshold of a Purchasing Pool to be 1,000 or 750 or 862 does not really matter when they get to the point of when they have the group assembled the group drops below whatever number has been selected, at which point does the group cease to be a pool? She suggested there should be a formula developed to spell that out because it had never been addressed. Concerning Medical Savings Accounts, the concept is the centerpiece of the Heal Montana project. She said when an individual uses their own money for health care they are going to be more careful in the way they spend that money. HB 531 and HB 560 should somehow be combined in a way that the best concepts of both are employed. She said they would help come up with solutions to the problems that face all Montanans.

Tanya Ask, representing Blue Cross Blue Shield of Montana, she said they feel they feel the Health Care Authority process has been a very valuable process for the State of Montana. She urged that should be continued. Voluntary Purchasing Pools are a good concept to health with affordability of health care. It is part of the answer. They like HB 405 and can work with SB 405. They

urge an open process and feel that HB 405 will give that a more open process. She said she would like to address the 1,000, there is not a number that they can point to and say that will do it. She said 1,000 was put in there because they wanted to have a large enough number so there can be some attrition and still have a viable mechanism. That number is 1,000 eligible employees, not 1,000 people. She said the numbers would remain relatively constant. She said they urge them to consider a large enough number. Medical Savings Accounts do have a place in the health care reform equation. It does encourage individual responsibility. They have raised some questions in the drafting of HB 560. They will work on those problems. She passed out testimony for 2 days. (EXHIBIT #1 and #2)

Dean Randash, representing NAPA Auto Parts, read his written testimony. (EXHIBIT #3)

Bob Turner, representing the Department of Revenue, said he would like to address Medical Savings Accounts. He said the effective date on the bills should apply retroactively. They should also make sure that there are no double benefits. He said if they decide that a person can withdraw a certain amount out of the Medical Savings Account and put it into an IRA, that is another benefit and a double benefit. He said if during the time that money is in the Medical Savings Account and it is taken as an exclusion by the taxpayer and is put into a mutual savings account, what happens if the taxpayer takes a loss? Does the taxpayer get to use that loss, or is that lost because it was already taken as an exclusion? He said it would be a lot easier to administer if there was a maximum amount of contributions that could be made as an exclusion on the tax return.

CHAIRMAN BENEDICT replied he would like the Department to come to the committee with possible amendments or things they need to fix in the bill.

Bob Turner replied they would do that.

John Flink, representing the Montana Hospital Association, read his written testimony. (EXHIBIT #4)

{Tape: 1; Side: B.}

Claudia Clifford, representing the State Auditor's Office, the Commissioner of Insurance, and the Commissioner of Securities Office, said the commissioner served on the Health Care Authority and said that although insurance reform is needed, insurance reform is not comprehensive health care reform. There is a need for a good data base of information in order for the legislature to address other aspects of insurance reform, they support any legislation with adequate work on a data base. She read her

written testimony which included proposed amendments.

(EXHIBIT #5) She stated they had talked with REP. SIMON about the amendments and he had agreed with them.

Frank Cote, the Deputy Insurance Commissioner, said that Purchasing Pools could be beneficial in the market place. Both of the bills could help consumers get affordable health care insurance. HB 405 has very little regulation in it. SB 405 has some more regulation. The committee must decide how much regulation would be needed. He said the committee should require the registration of the Purchasing Pools. He said the Purchasing Pools manager should have some fiduciary responsibility so the consumers would be protected. He submitted (EXHIBIT #6).

Tom Ebzery, representing Yellowstone Community Health Plan, said they supported the Health Care Authority a few years ago, but a few weeks ago he supported the Health Care Advisory Council and had some suggestions on how that might be composed. He said on page 1 of the bill, they had talked about listing a lot of things to do. He said he had a problem with going out and bringing in people from all over the state. He recommended that there be a legislative committee as the advisory committee. He said HB 511 should go forward and the work that has been done, the certificate of public advantage over in the Department of Justice should continue. He said they were an HMO and every time they see a bill that comes up on small group or HB 531 those are plans set up for indemnity plans. HMO's are based upon co-payments and they would like to give them input in terms of schedules. He asked that they will keep managed care and HMO's in mind because they just do not fit under the circumstances.

Riley Johnson, representing the National Federation of Independent Businesses, said they agreed with Tanya Ask on the procedures in the past on the Montana Health Care Authority. He said they supported HB 511 and that it is time they take that experience and make it voluntary. He said they agreed with Riley Johnson in that the composition be looked at. They feel they are confident in the legislators. They would like the composition looked at and changed to a primary legislative committee. The problem they had about the data base was the detailing of what it would be used for and what it really would mean. He said regarding Voluntary Purchasing Pools, primarily HB 405 addresses the issue. He said it has a few things to work out and they would help in that effort. He said Voluntary Purchasing Pools give them cost reduction. He said on Medical Savings Accounts, they think that is affordability and responsibility. He said they support HB 560. They would like to see HB 511 to eliminate the Montana Health Care Authority, HB 405 for Voluntary Purchasing Pools, and HB 560 for Medical Savings Accounts.

David Owen, representing the Montana Chamber of Commerce, said the Chamber supported the creation of the Montana Health Care Authority. He said he does not have a specific suggestion on what form that authority would take in the future. He said concerning Purchasing Pools they were going to be important and he encouraged them to be voluntary, etc. He said they believe in that concept.

Keith Kovash, representing the Montana Association of Health Care Purchasers, read his written testimony. (EXHIBIT #7)

Anita Bennett, representing the Montana Logging Association, said they have found that the Health Care Authority did bring forth a lot of information. They have concerns of the process of bringing forward that information. She said they never discussed what the cost was to the consumer and to the employer, and the bottom line as to access of services. Guaranteed issue and affordability are not compatible. She said in regards to Voluntary Purchasing Pools, HB 405 seems to be more conducive to a better competitive arena and arrangement. They are a fully insured health insurance program. In regards to Medical Savings Accounts, they see that as an important step in regards to the timber industry people. She said those accounts would assist them in having accessibility of their own dollars put into the medical arena as they are needing the services at that point in time.

SENATOR JUDY JACOBSON, SD 18, Butte, said there was a lot more regulation in SB 405 and they could work some of that out together. She said SB 405 does allow individuals to participate. She said with small group, there would not be a guaranteed issue if those people were not eligible for small group. They could participate in a Purchasing Pool. The Purchasing Pool could certainly disallow them. One of the biggest problems is they have self-employed and young people in the state who cannot participate in any plan at all. She said SB 405 would not allow groups or individuals to be excluded based on their occupation. That is not included in HB 405. She passed out a summary sheet. (EXHIBIT #8)

REPRESENTATIVE GRIMES asked Larry Akey what were the downside to and the upside of individuals included in these bills regarding Purchasing Pools? Larry Akey said that there were both upsides and downsides to including individuals in a Purchasing Pool. There is a fundamental difference between individuals purchasing insurance and small employers purchasing insurance. There is a different motivation. Individuals are usually purchasing insurance because of an anticipated health risk. They are motivated by their health concerns. Employers are generally motivated by a concern in the labor market. They want to attract the best quality of employees they can. If they start putting individuals into pools they have strong potential for adverse selection. He said initially they ought to look at Purchasing

Pools fully for employers so they do not have that potential for adverse selection. That would drive the cost up. **REP. GRIMES** said **Mr. Akey** expressed some concerns about HB 560. He asked **Mr. Akey** to explain those concerns. **Mr. Akey** said HB 560 was more tightly crafted than the Medical Savings Account portion of HB 531. Under HB 531 an account administrator was defined as an employer. Under HB 560 an account administrator may be an employer who has a self-insured plan. Under HB 531 they have said a self-employed individual was an employee. Does that also made that self-employed individual an employer, if it does, then there would be a self-employed individual acting potentially as his or her own account administrator. He said the definition of dependent in HB 560 is more in line with the kinds of definitions they use in the insurance industry. The definition of a dependent in HB 531 is a definition that looks like the tax code. He said they were talking about a health-related product and so it would make sense to them to have dependent defined in the Medical Savings Account bill more in line with the health care product that in the line of the tax code. HB 560 speaks to a specified dollar amount that could be contributed to a Medical Savings Account. It is important to recognize if they want to have deductible insurance premiums they may want to address that in a separate issue than Medical Savings Accounts. HB 531 has a nebulous amount that could be contributed to a Medical Savings Account based on premiums plus deductibles plus the co-payments they would have for a \$1,000 deductible health insurance policy. There is nothing in the bill that says there is a specified dollar amount that could be contributed to the Medical Savings Account.

REPRESENTATIVE SIMON said there were a lot of amendments that were drafted. He asked how they might proceed to make the amendments available to the interested people. **CHAIRMAN BENEDICT** said they could distribute them tonight. **REP. SIMON** asked **Larry Akey** if **REPRESENTATIVE NELSON'S** bill, for example, or **SENATOR DOHERTY'S** bill that deals with deductibility of health insurance premiums passes and they pass a Medical Savings Account bill also, would a person then not be able to deduct the premiums that they pay and make a contribution to a Medical Savings Account. **Larry Akey** replied that if that were to happen, that a \$3,000 cap on Medical Savings Account, would be more sufficient to help pay for the deductible and the co-payments of a policy for which they would have already been able to deduct the premiums. **REP. SIMON** asked **Bob Turner** if Medical Savings Accounts have been referred to as a Medical IRA, and under an IRA arrangement if that was applied to gains or losses based on interest on a regular IRA, how would that be treated as far as the Montana tax codes? **Bob Turner** replied the way it is treated is they put money into a regular IRA and it is put in a mutual fund and it loses money, they do not take a loss at all. They report that when they pull the IRA out. They already took the loss when they took the exclusion when arriving at the net gross income. **REP. SIMON** asked if a Medical Savings Account would be handled differently. **Bob Turner** replied no it would not. He said there is an

amendment put forth by the Department of Revenue so that if they did have a Medical Savings Account and they took out money from that to pay health insurance premiums, that would have to be deducted as an itemized deduction.

REPRESENTATIVE TUSS said in **Dr. Molloy's** testimony that he saw great value in collection of data and the utilization of that data. She asked him to give some definition and parameters to that data base and further explanation of how he would see that utilized. **Dr. Molloy** said the issue of the data base was to be one of the next projects of the Health Care Authority. He said there was the component of cost, who was paying for health care in Montana and how much money was being collected from state and federal agencies and where that money was going. From the stand point of providers, they wanted specific data on the cost of care for specific illnesses that they could compare across the state. One set of data is more complex and used to evaluate the health care system and from that data they distill specific data that they would be able to consume as usable and would make it very easy for consumers to compare that data. That has to include the payers of health care, who they are covering, what kind of dollars, and what benefits. He said people who testified said they want more consumer and more personal responsibility for how they spend their health care dollars, but that is very hard to do when there is data missing. The only data that is available is that data the providers or the insurance companies want the consumer to know about. He said they envision a data system to evaluate how the system works and how it is paid for and a system that is compatible for individual use to make their own health care decisions. **REP. TUSS** said it was time for the Health Care Authority to take a deep breath, look backward, and look forward. She said some references need to perhaps reflect the health council as opposed to the health authority. The Health Care Authority now has historical and institutional history throughout the state. How would he envision a transition between the authority and the council considering the data base? **Dr. Molloy** said the past year and a half has been consumed by the mandate of the previous legislation. Early on they realized the data that was available was at best several years old and a lot of it was extrapolated to Montana. It took a lot of time, effort, and expense to get usable data to present the 2 health care plans. He said they would have wished they could have moved forward in the last biennium to develop the data base system. He said those on the authority are uneasy about how raw data can be collected and disseminated and perhaps misused or misrepresented. They feel it is very critical that the knowledge be transported to and utilized in whatever the Health Care Authority or the Health Care Advisory Council or whatever it becomes. That knowledge has to be made available and those people would have to familiarize themselves with that in order to understand what data was necessary.

SENATOR ECK said **John Flink** suggested that the committee combine HB 542 into the advisory council. **John Flink** replied he made that suggestion because when he talked to **REPRESENTATIVE TASH** he was concerned with implementation. They felt there might be some way to meld them. He said the goals to improving the public health system in the state are a part of what they want to pursue and maybe the advisory council would be the ones to do that instead of establishing a separate entity out there. **SEN. ECK** said she would like to know which group it is, is it the Montana Public Health Association that worked on that proposal? **REP. TUSS** replied it was the Department of Health and Environmental Sciences.

Mike Craig, representing the Montana Health Care Authority, said the Montana Public Health Task Force was affiliated with the Department of Health and local public health agencies, and their interested parties got that proposal together and brought it forth to the authority. They agree that they do not want to see any duplication, but must be reminded that there is a statutory link between the Department of Health and the local public health agencies. If that is combined with HB 511 there may be some legislation problems. The task force that is created by HB 542 could be dealt with through the new council. Department of Health would still have to be a main player. **SEN. ECK** said she did not understand what the rationale was for putting it into SRS. **Mike Craig** replied the rationale was because of the appearance that HB 511 would be what the majority of the legislature wishes it to happen, that SRS will take the responsibility of supporting the council. They suggested that they strongly encourage the work of data collection to go along with that somehow so that it does not get lost. HB 511 wipes out the Health Care Authority in its entirety including data base.

REP. SIMON stated that one of the reasons it was chosen to be put over there is because SRS is already involved in a lot of data collection.

SEN. JACOBSON replied that there are data base systems. Western States has instituted a data base. They already have one.

MONTANA SENATE
1995 LEGISLATURE
JOINT SENATE-HOUSE SELECT COMMITTEE ON HEALTH CARE

ROLL CALL

DATE 3-7-95

[illegible]

Senator Steve Benedict, Chairman
Page 4
March 8, 1995

Market Reform

HB405 by Representative Nelson and SB405 by Senator Jacobson both deal with the concept of insurance purchasing pools. The House version is preferred by business and insurance. While providing the mechanism to band together for more economies of scale, it does not introduce additional regulatory criteria, as is required by the Senate version. Market protections, however, are included.

SB341 by Senator Holden contains reforms and improvements in the Montana Comprehensive Healthcare Association insurance program of last resort. This approach is preferable to the approach taken by HEAL Montana. A caveat on benefit design--for each benefit added, there is a corresponding cost to the benefit.

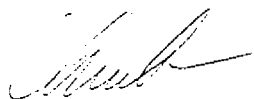
SB376 by Senator Christiaens addresses regulation of multi-employer welfare arrangements or MEWAs, self-funded employee health benefit arrangements which currently do not undergo state solvency scrutiny, nor do they comply with state market conduct criteria. This proposal is a start to some of the protections which need to be in place. More should be done, such as application of certain protections such as newborn coverage, contract disclosure, privacy protection, and insurance market reforms like noncancellation/nonrenewal prohibitions and guaranteed issue.

Health Care Reform

HB511 by Representative Johnson addresses concerns that we continue incremental reform recognizing problems continue for most Montanans with health care cost and access.

We look forward to working with you on these issues and any other proposals you review.

Sincerely,



Charles Butler, Jr.
(406) 444-8263

201TA303.1H/hcb

Enclosures

cc: Joint Committee Members



BlueCross BlueShield of Montana

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1-800-447-7828

Charles Butler, Jr.
Vice President
Government and Public Relations

EXHIBIT 1
DATE 3-7-95
many bills

March 8, 1995

Senator Steve Benedict, Chairman
Representative Scott Orr, Vice Chairman
Joint Select Committee on Health Care
Montana State Legislature
Capitol Building
Helena, MT 59620

Dear Chairman Benedict and Vice Chairman Orr:

Blue Cross and Blue Shield of Montana looks forward to working with you and your committee as we continue to define pieces of the health care reform equation for Montana. We have been a Montana company in business for over fifty years, currently providing health benefits or administration for more than 235,000 Montanans.

Over the last several years we have worked with Former Governors Stephens and Schwinden, and Governor Racicot, their health care task forces, the Authority, doctors, hospitals, allied health care providers, small and large businesses, labor, seniors, individuals, and agents on reforms of our industry and the healthcare delivery system. The goals continue to be not only access but also affordability.

When former Governor Stephens first brought up the idea of insurance market reform, it was to address practices for which the industry was criticized, and which the industry recognized needed to change. We cannot lose sight of those problems. Nor can we lose sight of who we said the detractors would be.

We will address these and specific issues as we go through some of the legislation which will be taken up by your committee. The legislation falls into three broad areas:

Insurance Reform: SB194, SB322, SB380, HB446, HB466, HB531, HB533.

Market Reform: SB376, SB405, HB405, HB531, HB560.

Health Care Reform: SB194, SB341, HB511, HB531.

Insurance Reform

These bills include action not only on small group reform, but also individual market reforms.

Insurance reforms were meant to address the following concerns:

DATE March 7, 1995

SENATE COMMITTEE ON Joint Select Committee on Health Care

BILLS BEING HEARD TODAY: HB 511, HB 542; SJR 14,
HB 405, SB 405, HB 531, HB 560

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PLEASE PRINT

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Check One

Name	Representing	Bill No.	Support	Oppose
JACK Molloy	MONT HEALTH CARE AUTH			
M. Sussman	HEAL. MT	HB 560 HB 531 HB 405 531	X	
Keith Karns	Montana Association of Health CARE PURCHASERS	HB/SB 405		X
LARRY AKEY	MT ASSOC OF LIFE UNDERWRITERS	HB/SB 405		
Ed Copley	MS CA			
FRANK Cote	ST. Auditor			
Claudia Clifford	State Auditor's Office			
Ed GRIFFIN	MMBP/MABT			
Tom Hopgood	Health Ins. Assoc. Am.			
David O'Carroll	MT Chamber			
ROBERT THOMAS	MT Dept of Revenue			
TOM EBZERY	Yellowstone Comm Health Plan			
Riley Johnson	NFIB			

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE March 7, 1995

SENATE COMMITTEE ON Joint Select Committee Health Care

BILLS BEING HEARD TODAY: HB 511, HB 542, SJR 14, HB 405,
SB 405, HB 531, HB 560

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PLEASE PRINT

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Check One

Name	Representing	Bill No.	Support	Oppose
<i>Bruce Bennett</i>	<i>Mohrman Logging Assoc</i>	<i>HB 531</i> <i>560 405</i>	☒	
<i>Dean M. Randolph</i>	<i>NADA Auto Parts</i>	<i>HB 531</i> <i>560 405</i>	☒	
<i>Charles R. Brooks</i>	<i>Billings Chamber</i>	<i>HB 405</i> <i>HB 511</i>	☒	
<i>Laurie Ekanger</i>	<i>Governors Office</i>	<i>HB 405</i> <i>HB 511</i>	☒	
<i>Tanya Ask</i>	<i>Blue Cross Blue Shield</i>	<i>HB 405</i> <i>HB 511</i>	☒	
<i>Eve Franklin</i>	<i>S.D. 21</i>			
<i>Jerome T. Loefer</i>	<i>retired</i>	<i>HB 531, HB 560</i> <i>HB 405, HB 5405</i>	☒	
<i>Keith L. Colbo</i>	<i>Deaconess - Billings</i>	<i>HB 405</i>	☒	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

EXECUTIVE ACTION ON HB 511

Motion:

SEN. JACOBSON MOVED amendments to HB 511. (EXHIBIT #2)

Discussion:

SEN. JACOBSON said the earlier part of the amendments concern in Section 1, where it says the people of Montana have evaluated and rejected both the single payer and multiple payer plans. She said that was not exactly correct and it is in conflict with some of the things in SJR 14. She said on the back side of EXHIBIT #2 there is a new Section 2, which is amendment #6.

CHAIRMAN BENEDICT replied they were striking lines 21 after subsection (1) through "however" on line 23, and starting with "The public" .

SEN. JACOBSON replied that was correct, but it says "The Legislature and the public".

CHAIRMAN BENEDICT replied it says "The Legislature and the public have" rather than "has also". On line 24, they are striking "supports" and inserting "support".

SEN. JACOBSON replied that saying that the people have evaluated and rejected is going a little too far so this is a little more reflective of what they are doing. The rest of the amendments clean up the language. There is also the new section to talk about the health care policy.

SEN. FOSTER said that he would like to segregate amendment #6 from the first 5 amendments because they were dealing with two separate issues.

Motion:

SEN. JACOBSON MOVED the amendments 1-5 on EXHIBIT #2.

Discussion:

SEN. FOSTER said it was an accurate statement on lines 21, 22 and part of 23.

REP. SIMON said he thought that was an accurate statement. He asked if they could separate #1 from the #1-5.

SEN. JACOBSON replied she understood. She said there was a very active group of senior citizens who are wed to the single payer plan and this almost implies that the people of Montana have voted and rejected the issue. She said that was not true. To

put that in statute and say that the people of Montana have evaluated and rejected to the plans, people could really object to that if they saw that in law without ever having that vote or anything else. She was trying to alleviate a problem.

REP. SIMON said if they would be more comfortable since they struck the public if they would say the Legislature.

SEN. JACOBSON said they did not accept or reject anything. It was just saying that they had the plans and they voted on them. She said that would be consistent with SJR 14 to not go so far as to say people have accepted and rejected. This would be in statute.

SEN. ECK replied she would rather strike the first sentence entirely, but if they were going to leave one in, she would rather say "The Health Care Authority and the Legislature have evaluated both the single payer and the multiple payer plans".

CHAIRMAN BENEDICT replied they would just vote on amendments #1-#5 and then other amendments could be offered.

Vote:

The MOTION CARRIED 6 to 4 by Roll Call Vote (#2) with SEN. ECK, SEN. FOSTER, SEN. JACOBSON, SEN. MILLER, REP. SQUIRES, and REP. TUSS voting yes and REP. GRIMES, REP. SIMON, REP. ORR, and SEN. BENEDICT voting no.

Motion:

SEN. JACOBSON MOVED amendment #6 on the backside of EXHIBIT #2.

Discussion:

REP. SIMON said he wanted to put something in there to make sure there was an emphasis on public health. He said the health promotion and preventative services were in there, but he did not see anything on public health. He asked if they could do that.

CHAIRMAN BENEDICT said he was not very comfortable putting in statute that Montanans should have access to health care services they need without having to incur excessive out-of-pocket expenses, which was (a) on page 2 amendment #6.

REPRESENTATIVE SQUIRES said she was interested in public health, but if they put two ideas in one bill somehow one of them would lessen itself. They should not try to put two missions in one health care advisory and they might lose public health emphasis. SENATOR MILLER asked on subsection 2 (h), what is the intent?

SEN. JACOBSON said the whole discussion they had on small group and purchasing pools was to say that they were not going to put a community rating as was done in New York, but they would try to

do things in a gradual way and try to make sure they are not unfavorably impacting things as they go along. She said it was a mild way of doing health care reform.

REPRESENTATIVE ORR replied he was also uncomfortable with some of the language in that. He said he would like to also amend in something with public health. He was wondering if someone wanted to comment about amending HB 542 into HB 511.

REPRESENTATIVE ROYAL JOHNSON said he did not have any problem with that as long as they were not things that might inhibit the passage of the bill. He said the public health bill has a lot of merit, but he was not sure where it would fit in. He said he would leave that up to the staff. He said he did not have any problem as long as it did not jeopardize HB 511.

SEN. ECK said they need to discuss if they were going to consider HB 542 separately. She said it needed to go on its own.

REP. SIMON said a lot of the issues in HB 542 are very laudable and fit with what they are talking about. He said he would like to see the committee send the bill through the process and at least get it to the Appropriations Committee to see if there is funding for that. There is a lot of money involved in that bill because it creates another board. He said as a result of that he wanted to make sure there was language in HB 511 that puts an interest in public health in the event that HB 542 never makes it all the way through the process.

CHAIRMAN BENEDICT asked **REP. SIMON** if he was comfortable with the public health connotations in HB 511 because it does not actually refer to public health services.

REP. SIMON replied he had not particularly found public health in HB 511. He said there were preventative services and health promotion and others. He said he did not see the actual words public health. He said he was also uncomfortable with (a).

SEN. ECK said she believed they could amend the bill if they wanted to do what **REP. SIMON** did by putting in (c) Health promotion and preventative health services and public health services. She said **SENATOR WATERMAN** was present and asked her to comment about what would be preferable.

SENATOR WATERMAN said there was discussion about putting it together with HB 511. She said there was discussion that there was funding in HB 2 that might be utilized to meet the needs in HB 542. She said that HB 542 does not match as well with HB 511 and it would be better to go on its own.

Peter Blouke, Director of SRS, said he was aware of \$300,000 currently in HB 2 in general fund and corresponding federal authority for medicaid match. He said all of that money was not needed for the specific purpose that **REPRESENTATIVE COBB** put it

in. There would be funds available in HB 2 assuming that the reorganization goes through to do many of the things that are contained in HB 542.

CHAIRMAN BENEDICT said that because HB 511 was not a substitute for HB 542 and it was just a statement of health care policy, they should focus on that.

SEN. JACOBSON replied they took that state health care policy out of that other bill because they felt it would be appropriate for Montana to state what their health care policy was.

REP. ORR said he was concerned about amendment #3. He said it said regardless of what health care strategy the Legislature or the Advisory Council came up with, everyone was to continue doing whatever it was that they were doing in the certain areas. He said that was their job as a Legislature to adopt policy and they should not be telling people to ignore what they say.

SEN. JACOBSON said #3 was trying to say that they need to increase the emphasis of education of consumers and that was a goal of the Medical Savings Accounts. A person was not going to be a good consumer unless they had some information on what health care costs, what the comparisons might be, what a certain doctor charges for what. She said they need to continue to educate consumers so they are better health care consumers.

REP. SIMON asked if **REP. ORR** would be more comfortable with that language. He said there are a lot of good things in #3. He said really what they were doing was adopting a lot of health care insurance reform measures. He said instead of saying "health care reform strategy" say "health care insurance reform strategy" because that was what they were working on.

REP. ORR said that would help.

CHAIRMAN BENEDICT said there was a conceptual amendment to insert "insurance" between "care" and "reform" on the second line on subsection 3.

REP. R. JOHNSON said he shared that concern. He said if they start on line 4 and strike everything above that and say "The Legislature recognizes the need to increase emphasis on education of consumers" rather than saying "regardless of what the Legislature does".

CHAIRMAN BENEDICT asked if anyone wanted to offer that. They would be striking lines 1,2, and 3, and starting on line 4 state "The Legislature recognizes the" and lead to increase emphasis of education to consumers of health care services.

Motion:

REP. ORR MOVED those amendments.

Discussion:

SEN. JACOBSON asked where they would be starting.

REP. ORR said it would strike the first three lines of #3, and insert "The Legislature".

SEN. JACOBSON said they did not want to say the "Health Care Advisory Council, Health Care Providers" ?

REP. SIMON replied no, they would just strike that sentence.

SEN. MILLER said to support the entire amendment he would have to have (a) and (h) stricken. He said that (h) was too broad. He said he understood the intent, but it could be interpreted many ways.

SEN. FOSTER asked if SEN. MILLER was making a motion to strike (a) and (h)?

Motion:

SEN. MILLER MOVED to strike (a) and (h).

Discussion:

REP. SIMON replied there was already SEN. JACOBSON'S amendment and there was also REP. ORR'S motion.

CHAIRMAN BENEDICT replied there was also mention of inserting public health under health promotion and preventive health services at (c) in amendment #6.

REP. ORR replied that could be in his motion.

Vote:

The MOTION BY REP. ORR CARRIED UNANIMOUSLY.

Motion/Vote:

SEN. MILLER MOVED to strike subsection (a) of amendment #6 EXHIBIT #2.

The MOTION CARRIED with SEN. JACOBSON, SEN. ECK, REP. TUSS, and REP. SQUIRES.

Motion:

SEN. MILLER MOVED to strike subsection (h) of amendment #6 EXHIBIT #2.

Discussion:

SEN. JACOBSON said they were just stating the policy of the state and they were trying to minimize any desirable impacts. She said she preferred to leave it in.

REP. SIMON replied that it said some important things. He supported leaving it in.

CHAIRMAN BENEDICT replied he felt that way also. He was looking at minimizing those impacts.

SEN. MILLER said he did not know how they were going to determine that. He said that was what his concern was.

Vote:

The MOTION FAILED with SEN. MILLER voting yes.

Motion/Vote:

The MOTION was made to amend HB 511 with amendment #6 on the backside of EXHIBIT #2 which was made previously by SEN. JACOBSON.

The MOTION CARRIED UNANIMOUSLY.

Motion:

CHAIRMAN BENEDICT MOVED HB 511 AS AMENDED.

Discussion:

REPRESENTATIVE GRIMES asked if they dealt with the mix of the committee. He said he said he thought there should be a larger number of legislators and fewer other members.

CHAIRMAN BENEDICT replied that he disagreed and the mix was fine the way it was. The more legislators that are on there and the less public involvement they have the more open they are for criticism.

SEN. FOSTER asked if REP. SIMON intended to propose amendments to bring in some of HB 542.

REP. SIMON said it had already been done by adding that in (c) of the amendment #6.

Vote:

The MOTION TO CONCUR IN HB 511 AS AMENDED. SENATOR JACOBSON would carry HB 511.

EXECUTIVE ACTION ON HB 542

Motion/Vote:

REP. SIMON MOVED TO DO PASS HB 542.

The MOTION CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON HB 405

Motion:

REP. GRIMES MOVED HB 405.

Discussion:

CHAIRMAN BENEDICT replied that if they were to pass HB 405 they would not pass SB 405.

Motion:

SEN. JACOBSON MOVED amendment to HB 405. (EXHIBIT #3)

{Tape: 1; Side: B.}

Discussion:

REP. GRIMES asked if they could explain that amendment because he was trying to think of an example of where they would exclude someone based on their occupation.

Mike Craig, representing the Montana Health Care Authority, said if they use occupation it could be used to exclude a group. He said that voluntary purchasing pools can end up excluding groups that are a high risk occupation, such as loggers.

Vote:

The MOTION CARRIED UNANIMOUSLY.

Discussion:

SEN. JACOBSON said there was an amendment proposed by Claudia Clifford. SEN. JACOBSON said that HB 405 has no regulation by the insurance commission. She said there should be some protection for the consumers. The amendment suggested HB 405 would comply with the provisions of title 33, chapter 17, part 6.

MONTANA SENATE
1995 LEGISLATURE
JOINT SENATE-HOUSE SELECT COMMITTEE ON HEALTH CARE

ROLL CALL

DATE 3-13-95

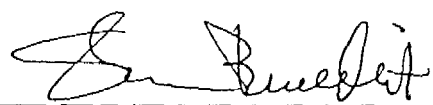
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SENATE STANDING COMMITTEE REPORT

Page 1 of 3
March 15, 1995

MR. PRESIDENT:

We, your Joint Select Committee on Health Care having had under consideration HB 511 (third reading copy -- blue), respectfully report that HB 511 be amended as follows and as so amended be concurred in.

Signed: 

Senator Steve Benedict, Chair

That such amendments read:

1. Page 1, lines 21 through 23.

Following: "(1)"

Strike: the remainder of line 21 through "However," on line 23

Insert: "The legislature and"

2. Page 1, line 23.

Strike: "has also"

Insert: "have"

3. Page 1, line 24.

Following: "The"

Insert: "legislature and the"

Strike: "supports"

Insert: "support"

4. Page 2, line 3.

Insert: "

NEW SECTION. Section 2. State health care policy. (1) It is the policy of the state of Montana to continue to investigate and develop strategies that result in all residents having access to quality health services at costs that are affordable.

(2) It is further the policy of the state of Montana that:

(a) Montana's health care system should ensure that care is delivered in the most effective and efficient manner possible;

(b) health promotion, preventative health services, and public health services should play a central role in the system;

(c) the patient-provider relationship should be a fundamental component of Montana's health care system;

(d) individuals should be encouraged to play a significant role in determining their health and appropriate use of the health care system;

(e) accurate and timely health care information should play a significant role in determining the individual's health and appropriate use of the health care system;

(f) whenever possible, market-based approaches should be

 Amd. Coord.
Sec. of Senate

SEN. JACOBSON
Senator Carrying Bill

601037SC.SPV

relied on to contain the growth in health care spending while attempting to achieve expanded access, cost containment, and improved quality; and

(g) the process of health care reform in Montana should be carried out gradually and sequentially to ensure that any undesirable impacts of the state's reform policies on other aspects of the state's economy, particularly on small businesses, are minimized.

(3) The legislature recognizes the need to increase the emphasis on the education of consumers of health care services. Consumers should be educated concerning the health care system, payment for services, ultimate costs of health care services, and the benefit to consumers generally of providing only those services to the consumer that are reasonable and necessary.

(4) [Sections 1 through 7] may not be interpreted to prevent Montana residents from seeking health care services not otherwise recommended or provided for as a result of the provisions of [sections 1 through 7]."

Renumber: subsequent sections

5. Page 9, line 28.

Strike: "6"

Insert: "7"

6. Page 14, lines 14 and 15.

Strike: "6"

Insert: "7"

7. Page 14, lines 16 and 17.

Strike: "10"

Insert: "11"

8. Page 14, lines 18 and 19.

Strike: "18"

Insert: "19"

9. Page 14, line 26.

Strike: "7"

Insert: "8"

Strike: "20"

Insert: "21"

10. Page 14, line 27.

Strike: "22"

Insert: "23"

Strike: "24"

Insert: "25"

11. Page 14, line 28.

Strike: "8"

Insert: "9"

Strike: "19"

Insert: "20"

12. Page 14, line 30.

Following: "1"

Insert: ", 2(4), and 3"

Strike: "7"

Insert: "8"

-END-

JOINT SENATE-HOUSE SELECT COMMITTEE ON HEALTH CARE
ROLL CALL VOTE

DATE 3-13-95 BILL NO. HB 511 NUMBER 2

MOTION: Senator Jacobson moved amendments
#1-5 on Exhibit #2.

[illegible]

Amendments to HB 511

1. Page 1, line 21.

Following: "(1)"

Strike: the remainder of line 21 through "However," on line 23.

2. Page 1, line 23.

Following: "However,"

Insert: "The legislature and"

3. Page 1, line 23.

Strike: "has also"

Insert: "have"

4. Page 1, line 24.

Following: "The"

Insert: "legislature and the"

5. Page 1, line 24.

Strike: "supports"

Insert: "support"

6. Page 2, line 4.

Insert: **NEW SECTION. Section 2. State health care policy.** (1) It is the policy of the state of Montana to continue to investigate and develop strategies which result in all residents having access to quality health services at costs that are affordable.

(2) It is further the policy of the state of Montana that:

(a) Montanans should have access to health care services they need without having to incur excessive out-of-pocket expenses;

(b) Montana's health care system should insure that care is delivered in the most effective and efficient manner possible;

(c) health promotion and preventive health services should play a central role in the system;

(d) the patient-provider relationship should be a fundamental component of Montana's health care system;

(e) individuals should be encouraged to play a significant role in determining their health and using the health care system appropriately;

(f) accurate and timely health care information should play a significant role in guiding health care resource allocation, utilization, and quality of care decisions, both by consumers and providers;

(g) wherever possible, market-based approaches should be relied on to contain the growth in health care spending while attempting to achieve expanded access, cost containment and improved quality; and

(h) the process of health care reform in Montana should be carried out gradually and sequentially to ensure that any undesirable impacts of the state's reform policies on other aspects of the state's economy, particularly on small businesses, are minimized.

(3) It is further the policy of the state of Montana that regardless of whether or what form of a health care reform strategy is adopted by the legislature, the health care advisory council, health care providers, and other persons involved in the delivery of health care services need to increase their emphasis on the education of consumers of health care services. Consumers should be educated concerning the health care system, payment for services, ultimate costs of health care services, and the benefit to consumers generally of providing only services to the consumer that are reasonable and necessary.

(4) Nothing in [this act] may be interpreted to prevent Montana residents from seeking health care services not otherwise recommended or provided for as a result of the provisions of [this act].

Renumber subsequent sections.